



Ninety-Ninth Legislature - First Session - 2005
Introducer's Statement of Intent
LB 329

Chairperson: Elaine Stuhr
Committee: Nebraska Retirement Systems
Date of Hearing: January 20, 2005

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

Legislative Bill 329 would permit a school board or board of education to make contributions for the purposes of separation payments made at retirement and for early retirement inducements. Such contributions would be picked up under section 414(h) of the Internal Revenue Code and would be deposited into qualified plans permitted under sections 401(a) or 403(a) of the Internal Revenue Code.

LB 329 would also make changes to the definition of compensation found in Neb. Rev. Stat. § 79-902 (35)(a), to provide that employer contributions made for the purposes of separation payments at retirement and early retirement inducements, are not defined as compensation for the purposes of the calculation of retirement benefits.

Currently, various school districts in the State of Nebraska provide payments to their employees in order to induce them to take early retirement. Such payments or “inducements” are deposited in qualified retirement accounts and may be paid to the retiree during retirement in the form of annuity payments. LB 329 intends to codify this current practice into state law.

Principal Introducer: _____
Senator Elaine Stuhr